

Economic Analysis

Labour Force June 2024

Employment and Hours Worked

Employment rose by a seasonally adjusted 50.2k in June, significantly more than the 20.0k pencilled in by the consensus. The May employment gain was revised slightly down to 39.5k from the initially estimated 39.7k.

The annual rate of employment growth accelerated from 2.5% to 2.8% in June, which is comparable to the 2.9% observed in April.

The June gain in employment was driven by full-time jobs (+43.3k), with a marginal rise of part-time employment (+6.8k).

Aggregate hours worked picked up by 0.8% in June, after falling by 0.5% in May, to remain 1.4% up YoY.

Australia (Seasonally Adjusted)	Jun ('000)	May ('000)	YoY (%)
Total	50.2	39.5	2.8
Full Time	43.3	41.3	1.2
Part Time	6.8	-1.9	6.3
Aggregate Hours Worked (%)	0.8	-0.5	1.4
Participation Rate (%)	66.9	66.8	-
Unemployment Rate (%)	4.1	4.0	-

Unemployment, Underutilisation and Participation

The unemployment rate ticked up 0.1ppts to 4.1%, in line with expectations, as the participation rate edged up 0.1ppts to a seven-month high of 66.9%.

The underemployment rate declined to 6.5%, which is the lowest level since March. The underutilisation rate, which combines unemployment and underemployment, fell to 10.5%, also a three-month low.

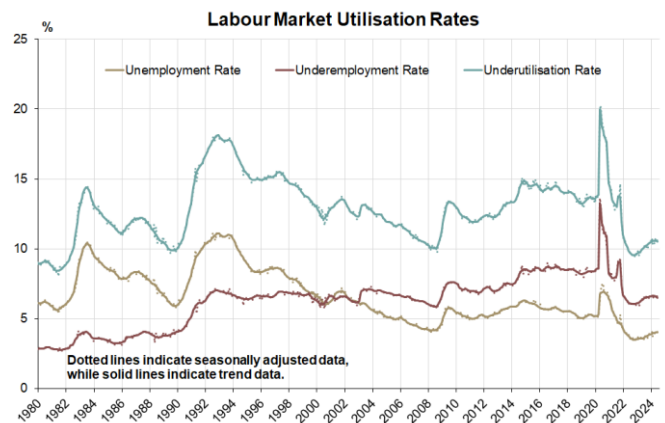
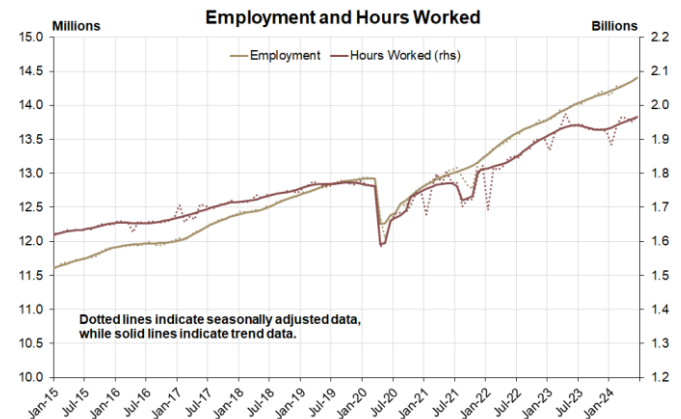
The States

Employment rose across all the states, except for Tasmania and Western Australia. Annual rates of jobs growth remained positive in all mainland states except for South Australia, where employment was flat through the year.

Victoria had the highest unemployment rate of all the states with 4.5%, while the remaining states had an unemployment rate below 4%.

Despite an 8.9k decline in June, Western Australian employment was up 5.0% through the year, the largest annual gain nationwide. The Western Australian unemployment rate, at 3.8%, was still the lowest of all the mainland states, despite the participation rate remaining by far the highest at 68.8%.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-8.9	5.0	3.8
New South Wales	5.9	1.7	3.9
Victoria	8.2	3.0	4.5
Queensland	12.1	4.2	3.9
South Australia	3.1	0.0	3.9
Tasmania	-0.8	-0.8	3.7



Comment

Despite the uptick in the unemployment rate due to higher participation, the June labour force survey results equipped us with a set of quite solid figures.

It is not just about the rise in the headline employment, driven by full-time jobs, but also about the turnaround in the measures of labour market slack.

Following months of trending upwards, the underemployment rate declined, both in seasonally adjusted and trend terms. The trend unemployment rate remained steady for the fourth month straight. Hours worked resumed to rise, despite the new phenomenon of more employees taking sick leave after the COVID-19 pandemic. That said, the labour market is not as tight as it was in 2022 when the RBA embarked on rate hikes.

The unemployment rate averaged 4.0% in Q2, which was in line with the RBA's May projection, but the annual rate of employment growth, at 2.7% in Q2, was somewhat above the RBA's forecast of 2.1%. This is a mixed message for the RBA, implying that the August meeting decision will again be 'live'. The probability of a 25bps hike at that meeting implied from futures picked up after the labour force survey release but remains below 50%.

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